



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (August 2017)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

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FILED

DATE: August 17, 2017

TIME: 4:26 PM

WSR 17-17-092

Agency: Department of Financial Institutions, Securities Division

Subject of possible rule making: The Securities Division is planning to amend WAC 460-42A-030, which provides that certain municipal securities are exempt from registration under RCW 21.20.310(1), if they receive requisite ratings from designated ratings agencies, in order to correct an inadvertent drafting error. The public is welcome to submit comments to be considered by the Securities Division in the drafting of rules to be proposed at a later date.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.20.450; RCW 21.20.310(1)

Reasons why rules on this subject may be needed and what they might accomplish: In 2014, the Securities Division amended WAC 460-10A-160 to update references to securities manuals for the purpose of the "manual exemption." As part of this update, Moody's Investors Service was replaced with a reference to Mergent's Investor Service to reflect current publishers of securities manuals. In an early 2017 update to our rules to remove references to discontinued securities manuals, the Securities Division inadvertently replaced a reference to Moody's Investors Service with a reference to Mergent, Inc. in WAC 460-42A-030, the exemption for municipal securities that receive requisite ratings from designated ratings agencies. However, Mergent, Inc. does not publish such municipal securities ratings, while Moody's Investors Service, Inc. is a well-known ratings organization.

The Securities Division had no intent to disqualify offerings with the requisite rating from Moody's Investors Service, Inc. from relying on the municipal securities exemption in WAC 460-42A-030. Accordingly, The Securities Division is planning to amend WAC 460-42A-030 to replace references to Mergent, Inc. with references to Moody's Investors Service, Inc.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The amendments that the Division is considering affect the regulation of securities and exempt securities transactions. Securities are subject to regulation by other state regulatory agencies and the Securities and Exchange Commission. The amendments under consideration would better coordinate our rules with other state and federal agencies.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) The Securities Division is soliciting comments from interested persons and will adopt rules only after the consideration of public comments.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:

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Other:

(If necessary)

Name:

Address:

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Other:

Additional comments:	
Date: August 17, 2017	Signature: 
Name: William M. Beatty	
Title: Director, Department of Financial Institutions	